

# WEBSTER COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2013

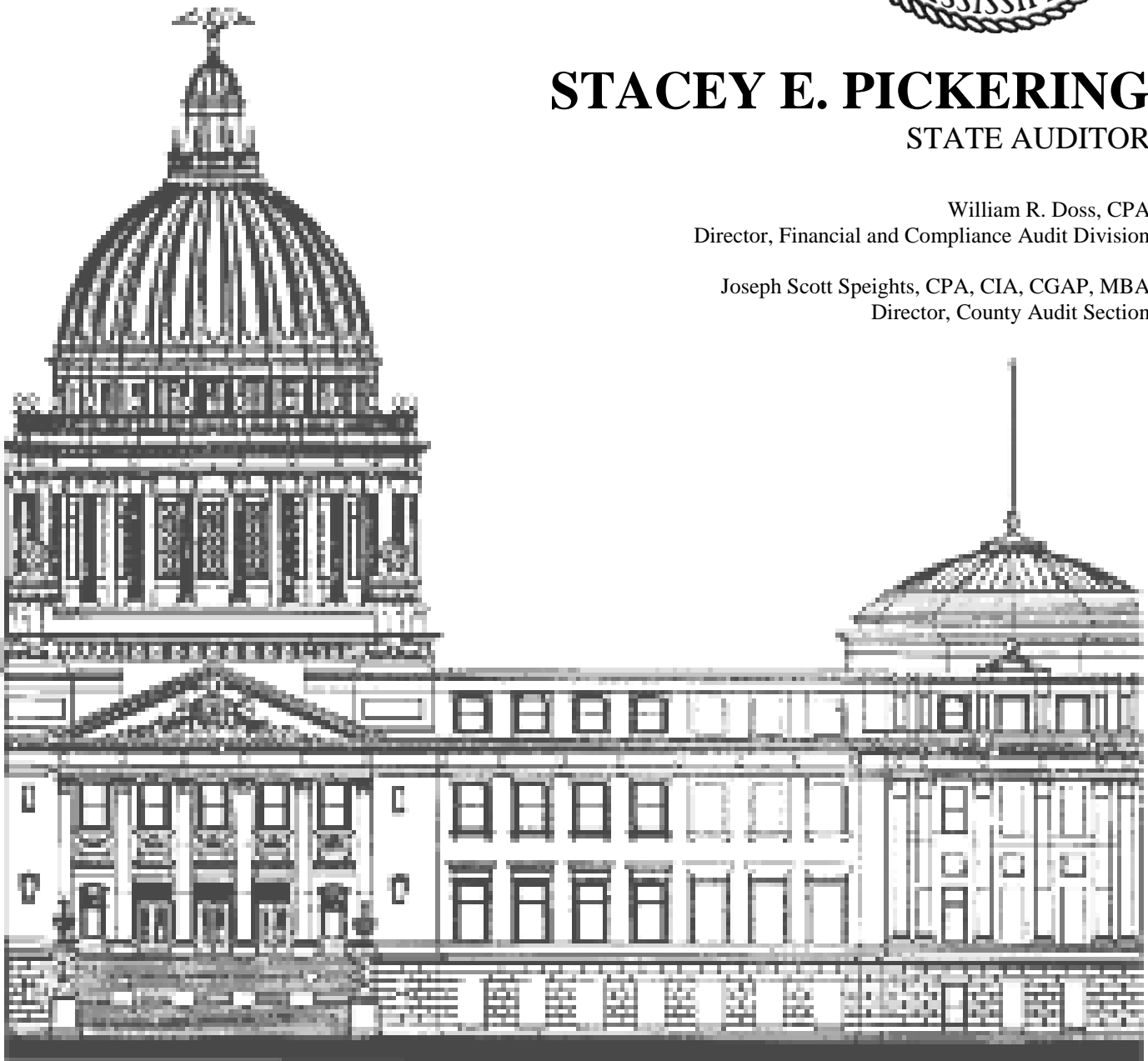


## STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA  
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

August 29, 2014

Members of the Board of Supervisors  
Webster County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2013 financial and compliance audit report for Webster County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Webster County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Webster County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering  
State Auditor



WEBSTER COUNTY

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WEBSTER COUNTY

FINANCIAL SECTION

WEBSTER COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Webster County, Mississippi

**Report on the Financial Statements**

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Webster County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements of the County's primary government as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Webster County, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements which describes that Webster County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Report on Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Webster County, Mississippi's basic financial statements. The Budgetary Comparison Schedules, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2014, on our consideration of Webster County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Webster County, Mississippi's internal control over financial reporting and compliance.



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

August 29, 2014

WEBSTER COUNTY

FINANCIAL STATEMENTS

WEBSTER COUNTY

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WEBSTER COUNTY  
Statement of Net Position - Cash Basis  
September 30, 2013

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	4,026,323
Total Assets	<u>\$ 4,026,323</u>
NET POSITION	
Restricted:	
Expendable:	
General government	57,727
Public safety	41,949
Public works	1,297,801
Culture and recreation	5,566
Debt service	73,652
Unemployment compensation	7,941
Unrestricted	<u>2,541,687</u>
Total Net Position	<u>\$ 4,026,323</u>

The notes to the financial statements are an integral part of this statement.

WEBSTER COUNTY  
Statement of Activities- Cash Basis  
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,316,839	203,272	165,611		(1,947,956)
Public safety	1,099,266	57,473	48,181	51,063	(942,549)
Public works	2,424,735	421,286	506,031	248,893	(1,248,525)
Health and welfare	92,406		18,123		(74,283)
Culture and recreation	54,746		1,524		(53,222)
Conservation of natural resources	49,408		955		(48,453)
Economic development and assistance	33,900				(33,900)
Debt service:					
Principal	240,395				(240,395)
Interest	18,187				(18,187)
Total Governmental Activities	<u>6,329,882</u>	<u>682,031</u>	<u>740,425</u>	<u>299,956</u>	<u>(4,607,470)</u>
General receipts:					
Property taxes				\$	3,332,054
Road & bridge privilege taxes					118,152
Grants and contributions not restricted to specific programs					379,080
Unrestricted interest income					8,495
Miscellaneous					37,061
Proceeds from debt issuance					613,689
Sale of county property					77,663
Compensation for loss of county property					2,189,852
Total General Receipts and Other					<u>6,756,046</u>
Cash Sources					<u>2,148,576</u>
Changes in Net Position					
Net Position - Beginning					<u>1,877,747</u>
Net Position - Ending				\$	<u>4,026,323</u>

The notes to the financial statements are an integral part of this statement.



WEBSTER COUNTY  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
September 30, 2013

Exhibit 3

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Courthouse Recovery Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	<u>643,290</u>	<u>1,898,397</u>	<u>1,484,636</u>	<u>4,026,323</u>
Total Assets	\$ <u>643,290</u>	<u>1,898,397</u>	<u>1,484,636</u>	<u>4,026,323</u>
FUND BALANCES				
Restricted for:				
General government			57,727	57,727
Public safety			41,949	41,949
Public works			1,297,801	1,297,801
Culture and recreation			5,566	5,566
Debt service			73,652	73,652
Unemployment compensation			7,941	7,941
Committed to:				
General government		1,898,397		1,898,397
Unassigned	<u>643,290</u>			<u>643,290</u>
Total Fund Balances	\$ <u>643,290</u>	<u>1,898,397</u>	<u>1,484,636</u>	<u>4,026,323</u>

The notes to the financial statements are an integral part of this statement.

## WEBSTER COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -  
 Governmental Funds  
 For the Year Ended September 30, 2013

	Major Funds		Other	Total
	General	Courthouse	Governmental	Governmental
	Fund	Recovery	Funds	Funds
		Fund		
RECEIPTS				
Property taxes	\$ 2,202,054		1,130,000	3,332,054
Road and bridge privilege taxes			118,152	118,152
Licenses, commissions and other receipts	92,175		9,700	101,875
Fines and forfeitures	113,767			113,767
Intergovernmental receipts	527,218		892,243	1,419,461
Charges for services	10,510		455,879	466,389
Interest income	2,879	1,521	4,095	8,495
Miscellaneous receipts	22,441		14,620	37,061
Total Receipts	<u>2,971,044</u>	<u>1,521</u>	<u>2,624,689</u>	<u>5,597,254</u>
DISBURSEMENTS				
General government	1,854,820	292,976	169,043	2,316,839
Public safety	761,523		337,743	1,099,266
Public works			2,424,735	2,424,735
Health and welfare	84,819		7,587	92,406
Culture and recreation	41,500		13,246	54,746
Conservation of natural resources	49,408			49,408
Economic development and assistance	33,900			33,900
Debt service:				
Principal	13,625		226,770	240,395
Interest	526		17,661	18,187
Total Disbursements	<u>2,840,121</u>	<u>292,976</u>	<u>3,196,785</u>	<u>6,329,882</u>
Excess (Deficiency) of Receipts over Disbursements	<u>130,923</u>	<u>(291,455)</u>	<u>(572,096)</u>	<u>(732,628)</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance			613,689	613,689
Sale of county property			77,663	77,663
Compensation for loss of county property		2,189,852		2,189,852
Transfers in	57		701,143	701,200
Transfers out	(7,881)		(693,319)	(701,200)
Total Other Cash Sources and Uses	<u>(7,824)</u>	<u>2,189,852</u>	<u>699,176</u>	<u>2,881,204</u>
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	<u>123,099</u>	<u>1,898,397</u>	<u>127,080</u>	<u>2,148,576</u>
Cash Basis Fund Balances - Beginning	<u>520,191</u>		<u>1,357,556</u>	<u>1,877,747</u>
Cash Basis Fund Balances - Ending	<u>\$ 643,290</u>	<u>1,898,397</u>	<u>1,484,636</u>	<u>4,026,323</u>

The notes to the financial statements are an integral part of this statement.

WEBSTER COUNTY  
Statement of Fiduciary Assets and Liabilities - Cash Basis  
September 30, 2013

Exhibit 5

	Agency Funds
ASSETS	
Cash	34,140
Total Assets	\$ 34,140
LIABILITIES	
Amounts held in custody for others	34,140
Total Liabilities	\$ 34,140

The notes to the financial statements are an integral part of this statement.

WEBSTER COUNTY

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## WEBSTER COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Webster County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Webster County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

##### B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

##### Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

## WEBSTER COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

#### C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Courthouse Recovery Fund – This fund is used to account for monies from specific sources that are committed for the replacement of equipment and for rebuilding of the courthouse.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

#### FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

#### D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

## WEBSTER COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

#### E. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

#### F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of “restricted.”

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Committed fund balance* includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County’s highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

*Unassigned fund balance* is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

# WEBSTER COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2013

### G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

### (2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$4,060,463, and the bank balance was \$4,490,179. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

### (3) Compensation for loss of County Property.

On January 17, 2013, the Webster County Courthouse was heavily damaged by fire. The County had a blanket insurance policy for \$6,193,000 that covered county owned buildings with an additional \$1,127,000 for personal property damage. During the 2013 fiscal year the County received \$2,189,852 in insurance proceeds related to damages sustained from the fire. (See Note 10 Subsequent Events)

### (4) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2013:

Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Other Governmental Funds	\$ 57
Other Governmental Funds	General Fund	7,881
Other Governmental Funds	Other Governmental Funds	693,262
Total		\$ 701,200



## WEBSTER COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

The principal purpose of interfund transfers was to provide funds for operating expenses and unemployment, to disperse Tornado Disaster monies, to provide funds to make debt payments and to close accounts/funds. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(5) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(6) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(7) Joint Venture.

The County participates in the following joint venture:

Webster County is a participant with the counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha and Winston and the Cities of Ackerman, Columbus, Eupora, Louisville, Macon, Starkville and West Point in a joint venture, authorized by Section 17-17-307, Miss. Code Ann. (1972), to operate the Golden Triangle Regional Solid Waste Management Authority. The joint venture was created for waste management purposes and is governed by 38 board members. No one primary government appoints a majority of the Authority's board members. Webster County did not contribute any funds to the organization in the fiscal year 2013. Complete financial statements for the Golden Triangle Regional Solid Waste Management Authority can be obtained from Golden Triangle Planning and Development District, Post Office box 828, Starkville, Mississippi 39760-0828.

(8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Holmes Community College operates in a district composed of the Counties of Attala, Carroll, Choctaw, Grenada, Holmes, Madison, Montgomery, Webster and Yazoo. The Webster County Board of Supervisors appoints two of the 22 members of the board of trustees. The County contributed \$106,118 for maintenance and support of the college in fiscal year 2013.

The Golden Triangle Planning and Development District operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Webster County Board of Supervisors appoints four of the 28 members of the board of directors. The County contributed \$24,000 for the district in fiscal year 2013.

## WEBSTER COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2013

Tombigbee Regional Library System provides services for the Counties of Choctaw, Clay, Monroe and Webster. The Webster County Board of Supervisors appoints one of the five members of the board of directors. The County appropriated \$36,000 for maintenance and support of the system in fiscal year 2013.

The Mississippi Regional Housing Authority IV operates in a district composed of the Counties of Carroll, Choctaw, Clay, Grenada, Lowndes, Montgomery, Oktibbeha, Webster and Winston. The Webster County Board of Supervisors appoints one of the nine board members. The counties generally provide no financial support to the organization.

Community Counseling Services operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Webster County Board of Supervisors appoints one of the seven members of the board of directors. The County contributed \$14,500 for the support of the agency in fiscal year 2013.

Prairie Opportunity, Inc. operates in a district composed of the Counties of Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster and Winston. The Webster County Board of Supervisors appoints one of the 21 members of the board of directors. The other 14 board members are appointed by the counties. Most of the funding for the district is derived from federal funds, and the County provides a modest amount of financial support when matching funds are required for federal grants.

#### (9) Defined Benefit Pension Plan.

Plan Description. Webster County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$245,154, \$210,725 and \$192,523, respectively, equal to the required contributions for each year.

#### (10) Subsequent Events.

Courthouse Fire. On January 17, 2013 the Webster County Courthouse was heavily damaged by fire. Webster County and the insurance company are currently in a dispute in regard to the extent of the damage to the structure and the amount of insurance proceeds that is due to the county. Atlantic Specialty Insurance Company sued Webster County on February 10, 2014 for unsupported claims. On March 6, 2014, Webster County sued Atlantic Specialty Insurance Company for maximum benefits on its insurance policy.

WEBSTER COUNTY

OTHER INFORMATION

WEBSTER COUNTY

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WEBSTER COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2013  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 2,004,790	2,202,054	2,202,054	
Licenses, commissions and other receipts	87,600	92,175	92,175	
Fines and forfeitures	132,205	113,767	113,767	
Intergovernmental receipts	520,190	527,218	527,218	
Charges for services	10,000	10,510	10,510	
Interest income	8,056	2,879	2,879	
Miscellaneous receipts	20,900	22,441	22,441	
Total Receipts	<u>2,783,741</u>	<u>2,971,044</u>	<u>2,971,044</u>	<u>0</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	1,908,430	1,854,820	1,854,820	
Public safety	800,277	761,523	761,523	
Health and welfare	100,993	84,819	84,819	
Culture and recreation	41,500	41,500	41,500	
Conservation of natural resources	48,699	49,408	49,408	
Economic development and assistance	64,000	33,900	33,900	
Debt service:				
Principal		13,625	13,625	
Interest		526	526	
Total Disbursements	<u>2,963,899</u>	<u>2,840,121</u>	<u>2,840,121</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(180,158)</u>	<u>130,923</u>	<u>130,923</u>	<u>0</u>
<b>OTHER CASH SOURCES (USES)</b>				
Transfers in		57	57	
Transfers out		(7,881)	(7,881)	
Other financing sources	50,698			
Other financing uses	<u>(50,698)</u>			
Total Other Cash Sources and Uses		<u>(7,824)</u>	<u>(7,824)</u>	<u>0</u>
Net Change in Fund Balance	(180,158)	123,099	123,099	
Fund Balances - Beginning	<u>127,233</u>	<u>520,191</u>	<u>520,191</u>	<u>0</u>
Fund Balances - Ending	<u>\$ (52,925)</u>	<u>643,290</u>	<u>643,290</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this statement.

WEBSTER COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 Courthouse Recovery Fund  
 For the Year Ended September 30, 2013  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Interest income	\$	1,521	1,521	
Total Receipts	<u>0</u>	<u>1,521</u>	<u>1,521</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government		292,976	292,976	
Total Disbursements	<u>0</u>	<u>292,976</u>	<u>292,976</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>0</u>	<u>(291,455)</u>	<u>(291,455)</u>	
OTHER CASH SOURCES (USES)				
Compensation for loss of county property		2,189,852	2,189,852	
Total Other Cash Sources and Uses	<u>0</u>	<u>2,189,852</u>	<u>2,189,852</u>	<u>0</u>
Net Change in Fund Balance		1,898,397	1,898,397	
Fund Balances - Beginning				<u>0</u>
Fund Balances - Ending	\$ <u>0</u>	<u>1,898,397</u>	<u>1,898,397</u>	<u>0</u>

The accompanying notes to the Other Information are an integral part of this statement.

WEBSTER COUNTY  
Schedule of Capital Assets  
For the Year Ended September 30, 2013  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments *	Balance Sept. 30, 2013
Land	\$ 115,790				115,790
Construction in progress	449,621	712,604			1,162,225
Infrastructure	3,855,386			(1,279)	3,854,107
Buildings	1,424,586	50,000		167,216	1,641,802
Mobile equipment	2,906,471	482,090	145,055	35,754	3,279,260
Furniture and equipment	288,831	82,866	69,839		301,858
Leased property under capital leases	1,008,527	113,689		(44,931)	1,077,285
Total capital assets	\$ 10,049,212	1,441,249	214,894	156,760	11,432,327

\*The adjustment column includes reclassification of paid off capital leases to mobile equipment and adjustments to correct prior year errors.

WEBSTER COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2013  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2012	Issued	Principal Payments	Balance Sept. 30, 2013
<b>Governmental Activities:</b>							
A. General Obligation Bonds:							
1999 bridge bonds	5/1/1999	5/1/2014	4.70%	\$ 90,000		45,000	45,000
1999 road equipment bonds	11/15/1999	11/1/2014	5.20%	130,000		40,000	90,000
B. Capital Leases:							
2009 Ford Crown Victoria	5/25/2009	5/25/2013	3.44%	4,338		4,338	
2009 Ford Crown Victoria	6/25/2010	6/25/2014	3.55%	10,692		6,029	4,663
Ford Ranger Pickup	2/7/2012	2/7/2016	1.95%	11,113		3,258	7,855
Motorgrader	6/10/2010	6/10/2014	3.55%	28,959		17,171	11,788
Motorgrader	12/21/2011	12/21/2015	2.29%	83,111		25,598	57,513
2010 Ford F-150 truck - District 3	3/25/2010	3/25/2014	3.44%	6,558		4,595	1,963
2008 Mack truck	4/12/2012	4/12/2015	1.55%	138,621		53,084	85,537
2010 Ford F-150 truck - District 5	10/25/2009	10/25/2013	3.44%	4,751		4,751	
Case motorgrader	1/15/2009	1/15/2013	3.39%	5,667		5,667	
2013 Mack truck	5/18/2012	5/18/2014	1.40%	105,441		22,922	82,519
2013 Mack dump truck	5/25/2013	6/25/2015	1.54%		113,689	7,982	105,707
Page Total				\$ 619,251	113,689	240,395	492,545



WEBSTER COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2013  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2012	Issued	Principal Payments	Balance Sept. 30, 2013
<b>Governmental Activities:</b>							
C. Other Loans:							
Front Line Apparel MDA Loan	5/7/2007	11/1/2009	3.00%	108,833			108,833 *
Front Line Apparel MDA Loan	8/13/2008	7/1/2011	3.00%	242,500			242,500 *
\$500,000 Negotiable note, series 2012	11/30/2012	11/30/2017	1.83%		500,000		500,000
Sub-total				351,333	500,000	0	851,333
Previous page totals				619,251	113,689	240,395	492,545
Total				\$ 970,584	613,689	240,395	1,343,878

\* On June 14, 2010, the Mississippi Development Authority (MDA) notified Webster County that based on the County's good faith attempts to secure repayment of the loans receivable associated with these loans, the Mississippi Development Authority does not expect Webster County to continue collection efforts on these loans. The Mississippi Development Authority approved the closeout of this project on January 15, 2011. However, due to state law, Mississippi Development Authority cannot write off this loan payable from the County to MDA.

The accompanying notes to the Other Information are an integral part of this statement.

WEBSTER COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2013  
UNAUDITED

Name	Position	Company	Bond
Robert Hitt	Supervisor District 1	Western Surety Company	\$100,000
Patrick S. Cummings, Sr.	Supervisor District 2	Travelers Casualty and Surety Company	\$100,000
Randy Rico	Supervisor District 3	Western Surety Company	\$100,000
Paul Crowley	Supervisor District 4	Western Surety Company	\$100,000
Doug Burgess	Supervisor District 5	FCCI Insurance Company	\$100,000
Russell S. Turner	Chancery Clerk	Travelers Casualty and Surety Company	\$100,000
Amanda F. Embry	Purchase Clerk	RLI Insurance Company	\$75,000
Charlotte Jones	Assistant Purchase Clerk	Travelers Casualty and Surety Company	\$50,000
Steven Hodges	Receiving Clerk	Travelers Casualty and Surety Company	\$75,000
Jeff Peacock	Assistant Receiving Clerk	Travelers Casualty and Surety Company	\$50,000
Russell S. Turner	Inventory Control Clerk	Travelers Casualty and Surety Company	\$75,000
David Paul Murphy, Sr.	Constable	Travelers Casualty and Surety Company	\$50,000
Jeffrey D. McMinn	Constable	Travelers Casualty and Surety Company	\$50,000
Deborah Hood Neal	Circuit Clerk	Travelers Casualty and Surety Company	\$100,000
Sherry Henderson	Deputy Circuit Clerk	Travelers Casualty and Surety Company	\$50,000
Wanda Berryhill	Deputy Circuit Clerk	Travelers Casualty and Surety Company	\$50,000
Timothy S. Mitchell	Sheriff	Western Surety Company	\$100,000
Rebecca E. Ellison	Justice Court Judge	Travelers Casualty and Surety Company	\$50,000
Jerry Jones	Justice Court Judge	State Farm Insurance	\$50,000
Janice Bruntz	Justice Court Clerk	RLI Insurance Company	\$50,000
Melissa Dean	Deputy Justice Court Clerk	Travelers Casualty and Surety Company	\$50,000
Barbara Gore	Tax Assessor-Collector	Western Surety Company	\$100,000
Jane Norman	Deputy Tax Collector	Western Surety Company	\$50,000
Margaret Ann May	Deputy Tax Collector	Western Surety Company	\$50,000
Carolyn Lane	Deputy Tax Collector	Western Surety Company	\$50,000
Christie Ross	Deputy Tax Collector	Western Surety Company	\$50,000

## WEBSTER COUNTY

### Notes to the Other Information For the Year Ended September 30, 2013 UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

(2) Long-term Debt information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2013, the amount of outstanding debt was equal to 1.02% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2013, the County issued the following debt obligation:

<u>Issue Date</u>	<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
03/10/2014	2.29%	\$	205,500	Capital lease	Ad valorem taxes
06/27/2014	2.24%		26,400	Capital lease	Ad valorem taxes
07/01/2014	1.49%		118,360	Capital lease	Ad valorem taxes

WEBSTER COUNTY

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## WEBSTER COUNTY

## SPECIAL REPORTS

WEBSTER COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors  
Webster County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Webster County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Webster County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as 2013-001, 2013-002, 2013-003, 2013-004 and 2013-005 to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Webster County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

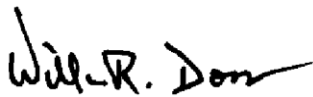
We noted certain matters that we reported to the management of Webster County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated August 29, 2014, included within this document.

### **Webster County's Responses to Findings**

Webster County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Webster County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will-R. Dooss", with a stylized flourish at the end.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

August 29, 2014





**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors  
Webster County, Mississippi

We have examined Webster County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of Webster County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

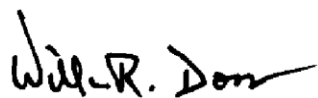
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Webster County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Webster County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Webster County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will-R. Dooss". The signature is written in a cursive, flowing style.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

August 29, 2014

WEBSTER COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder  
For the Year Ended September 30, 2013

Our test results did not identify any purchases from other than the lowest bidder.

WEBSTER COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2013

Schedule 2

Our test results did not identify any emergency purchases.

WEBSTER COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2013

Our test results did not identify any purchases made noncompetitively from a sole source.

WEBSTER COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Webster County, Mississippi

In planning and performing our audit of the financial statements of Webster County, Mississippi (the County) for the year ended September 30, 2013, we considered Webster County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Webster County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated August 29, 2014, on the financial statements of Webster County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Chancery Clerk.

1. The clerk of the board should maintain a docket of claims.

Finding

Section 19-13-27, Miss. Code Ann. (1972), requires the clerk of the board of supervisors to maintain a claims docket in which he shall enter monthly all demands, claims and accounts against the county presented to him during the month. The Chancery Clerk did not maintain a docket of claims. Failure to maintain a docket of claims could result in a loss of public funds.

Recommendation

The Chancery Clerk should maintain a docket of claims.

### Chancery Clerk's Response

The Clerk of the Board will maintain a docket of claims.

Deputy Tax Assessors.

2. Deputy Tax Assessors should be bonded.

### Finding

Section 27-1-3, Miss. Code Ann. (1972), requires the Deputy Tax Assessors to execute a bond for \$10,000 to be payable, conditioned and approved as provided by law. Section 25-1-15, Miss. Code Ann. (1972), requires a new bond in an amount not less than that required by law shall be secured upon employment and coverage shall continue by the securing of a new bond every four years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee. The Deputy Tax Assessors for Webster County were not bonded during the fiscal year ended September 30, 2013. The failure to bond the Deputy Tax Assessors could result in the loss of public funds

### Recommendation

The Deputy Tax Assessors should execute current bonds for the amount required by law.

### Deputy Tax Assessors' Response

I am in contact with the insurance agency about this and it will be corrected immediately.

Sheriff.

3. Effective internal controls should be implemented over deposits in the Sheriff's office.

An effective system of internal controls over the collection of cash should include making timely deposits. As reported in the prior year's audit report, the Sheriff's office is making one deposit per month. The Sheriff did not have policies and procedures in place to ensure that deposits were made in a timely manner. Failure to make timely deposits could result in the loss of public funds.

### Recommendation

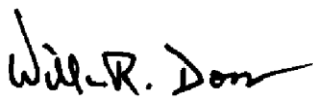
The Sheriff should ensure that all funds are deposited in a timely manner.

### Sheriff's Response

Brought to my attention on June 5, 2013. Policies are in place for deposits to be made weekly on Fridays.

Webster County's responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

August 29, 2014



WEBSTER COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

WEBSTER COUNTY

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## WEBSTER COUNTY

### Schedule of Findings and Responses For the Year Ended September 30, 2013

#### Section 1: Summary of Auditor's Results

##### ***Financial Statements:***

- |    |  |               |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | Unmodified    |
| 2. | Internal control over financial reporting:                   |               |
| a. | Material weaknesses identified?                              | Yes           |
| b. | Significant deficiencies identified?                         | None Reported |
| 3. | Noncompliance material to the financial statements noted?    | No            |

#### Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2013-001. The Board of Supervisors should establish a written disaster recovery process.

##### Finding

Disaster recovery involves defining and documenting plans to help sustain and recover critical information technology resources, information systems, and associated business functions. *Control Objectives for Information and Related Technology* (CobiT, Section DS4), as well as recognized industry best practices, require a written disaster recovery plan be developed and tested regularly to provide orderly recovery of vital functions in the event of a hardware or environmental disaster. As reported in the prior year's audit report, Webster County does not have a written disaster recovery process. Failure to maintain an adequate written recovery plan could impede the County's ability to regain computer operations in the event of a disaster.

There are a number of steps that an organization can take to prevent or minimize the damage to automated operations that may occur from unexpected events. One example is routinely backing up all data files and programs for all county offices and functions and securely storing them at an off-site location. Such actions maintain the organization's ability to restore data files, which may be impossible to re-create.

##### Recommendation

Webster County should develop and implement a written disaster recovery plan documenting procedures to be followed in backing up data files and storage of these files as well as procedures to be followed during an emergency. All county officials and employees should be made aware of their responsibilities in carrying out these procedures regarding backup and storage of data files as well as their responsibilities in the event of a disaster. Once the plan is completed, it should be subjected to proper testing to ensure that the data file and program backup is actually working as designed and that all data files and programs are included in the backup and are being stored at an off-site location.

## WEBSTER COUNTY

### Schedule of Findings and Responses For the Year Ended September 30, 2013

#### Board of Supervisors' Response

Webster County is in the process of developing and writing a disaster recovery plan, along with input from Data Systems, Inc. who's software the county is presently using. Said plan will make all employees and officials aware of their responsibilities in the event of an emergency or disaster and test to ensure that data files are backed up. As of October 1, 2013, the server is being backed up with tape locally and at two off sites locations.

Tax Assessor-Collector.

#### Material Weakness

2013-002. Controls over cash collections and disbursements in the Tax Collector's office should be strengthened.

#### Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior four years' audit reports, cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately separated for effective internal control. The Tax Assessor-Collector prepares deposits, calculates the monthly settlements, posts to the cash journal, reconciles the bank statements and disburses all funds. We also noted these additional deficiencies:

- a. Settlement reports do not agree with actual settlements made.
- b. Original settlement reports were not kept.
- c. Settlement reports do not agree with the cash journal.
- d. Cash drawers cannot be locked.
- e. The Tax Collector and each deputy do not have their own cash drawer.
- f. When the Tax Collector collects taxes, she uses someone else's identification number.

Failure to have an adequate separation of duties, separate secured cash drawers and a reconciliation of settlement reports to accounting records could result in the loss of public funds.

#### Recommendation

The Tax Assessor-Collector should implement a system for review of the accounting records by another person. The Tax Assessor-Collector should provide separate locked cash drawers for each person collecting taxes. The Tax Assessor-Collector should also use a separate identification number.

#### Tax Assessor-Collector's Response:

After the fire our office was in mass disarray. I am trying to get everything back in order. We are a small county and therefore can't have one person for each job. But I will do my best in the future to correct this problem.

## WEBSTER COUNTY

### Schedule of Findings and Responses For the Year Ended September 30, 2013

Circuit Clerk.

#### Material Weakness

2013-003. Controls over cash collections and disbursements in the Circuit Clerk's office should be strengthened.

##### Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior four years' audit reports, cash collection and disbursement functions in the Circuit Clerk's office are not adequately separated for effective internal control. Both deputy circuit clerks receipt money and then one deputy circuit clerk posts the cash journal, calculates the monthly settlements and disburses the funds and reconciles the bank statements. Failure to have an adequate separation of duties could result in the loss of public funds.

##### Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

##### Circuit Clerk's Response

I check and initial the check registry and cash journal. Also, I initial the cash journal along with the reconciled bank statements. I feel all money is accounted for.

##### Auditor's Note

There are only two employees who handle all business in the office with minimum oversight.

Justice Court Clerk.

#### Material Weakness

2013-004. Controls over cash collections and disbursements in the Justice Court Clerk's office should be strengthened.

##### Finding

An effective system of internal control should include an adequate separation of duties and making timely deposits of cash collections. As reported in the prior four years' audit reports, cash collection and disbursement functions in the Justice Court office are not adequately separated for effective internal control. Both Justice Court Clerks are involved in preparing deposits, calculating the monthly settlements, reconciling the bank statements, and disbursing funds. We also noted that cash collections are not deposited in a timely manner. Failure to have an adequate separation of duties and to make timely deposits could result in the loss of public funds.

##### Recommendation

The Justice Court Clerk's office should implement a system for review of the accounting records by another person and should ensure that deposits are made in a timely manner.

##### Justice Court's Response

I will ask that someone else be hired to review our accounting and to help with any other problems we have.

## WEBSTER COUNTY

### Schedule of Findings and Responses For the Year Ended September 30, 2013

#### Material Weakness

2013-005. Controls over accounting for cash collections in Justice Court should be strengthened.

#### Finding

An effective system of internal control over cash collections in the Justice Court Clerk's office should include the proper recording of all collections and settlements in the cash journal and the reconciliation of the cash balances in the cash journals to the bank account each month. As reported in the prior three years' audit reports, the following deficiencies were noted:

- a. The bond bank account was not reconciled to the cash balance reported in the bond cash journal. The Justice Court bond bank reconciliation for the cash count on February 5, 2014 indicated an unexplained difference of \$957.
- b. A Justice Court cash count conducted on April 25, 2013, revealed a cash shortage of \$1,075 in the clearing account. A cash count on February 5, 2014, revealed a cash shortage in the clearing account of \$1,463. The amount of cash shortage increased \$338.
- c. It was noted during the cash count there were cash bonds entered into the computer system that were not posted to the bond listing.

Failure to properly reconcile cash balances per cash journal to bank account and to account for all bonds could result in the loss of public funds.

#### Recommendation

The Justice Court Clerk should ensure that cash reported in the bond cash journal is reconciled to the bank account. The Justice Court Clerk should implement a system for review of the accounting records by another person. The Justice Court Clerk should either provide documentation to resolve the cash shortages noted in the February 5, 2014 cash count or pay the amount of these shortages to the county.

#### Justice Court Clerk's Response

I will continue to try and find all receipts that will help us find our shortage. We are going thru looking for any and all deposits and receipts. We are also talking with Data Systems about problems we are having with our system. We are making timely deposits and trying to separate duties, but with only two in the office makes it hard to do.